

DUNCAN HUNTER
520 DISTRICT, CALIFORNIA
COMMITTEE ON NATIONAL SECURITY
CHAIRMAN
SUBCOMMITTEE ON
MILITARY PROCUREMENT
SUBCOMMITTEE ON
MILITARY READINESS



U.S. House of Representatives
Washington, DC 20515-0552

2205 RAYBURN BUILDING
WASHINGTON, DC 20515-0552
1(202) 225-5672
FAX: (202) 225-0235
306 SOUTH PIERCE STREET
EL CAJON, CA 92020
(619) 579-3001
1101 AIRPORT ROAD, SUITE G
IMPERIAL, CA 92251
(760) 362-6428

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CONTACT: Maureen Cragin
Ryan Vaart
(202) 225-2539

**STATEMENT OF HONORABLE DUNCAN HUNTER
CHAIRMAN, MILITARY PROCUREMENT SUBCOMMITTEE
HEARING ON DOD MODERNIZATION**

February 26, 1998

Dr. Gansler, on the same day you first reported for duty last November, the Procurement Subcommittee met with two of the Department's four-star and four of its three-star generals—representing each of the services and the Joint Chiefs of Staff—to discuss what was to be expected in the post-QDR FY 99 and future procurement budgets. Two of those officers told us without equivocation that the road ahead was filled with shortfalls; the others weren't quite as bold but no one painted a rosy picture—even though the so-called “procurement holiday” has been declared “over” in the building.

After having declined 70% in real terms over the last 13 years, the Department's FY 99 procurement budget does finally grow modestly in real terms compared to the amount enacted by Congress in FY 98. However, the growth in procurement is still not as substantial as predicted last year: The FY 99 request is \$2.0 billion less than was forecast a year ago, and this year's forecast for FY 00 is an additional \$2.9 billion below last year's. That's a cumulative total of almost \$5.0 billion that, according to your statement, has been shifted to the operating accounts to “reduce the potential for resources migrating in the future and retain a much more stable modernization funding profile in the years to come.” I must profess that the logic of this action appears to counter the QDR's assertion that “the dividend from procurement reductions has been spent...and modernization needs to rebound,” but perhaps you can enlighten me in your testimony.

So, although the procurement accounts are expected to increase 29% by FY 03, this migration of funds—which continues a pattern that has occurred year-after-year in this decade—leads me to be very skeptical of such growth. Moreover, this predicted growth is based on assumed savings resulting from two additional Base Realignment and Closure rounds as well as implementation of numerous acquisition reform initiatives—a plan which the National Defense Panel referred to as risky.

With that as background, Dr. Gansler, I would like to both exhort and commend you as you settle into one of the most, if not the most, difficult jobs in the federal government. First, your statement speaks eloquently to the fact that our future adversaries are more likely to use asymmetrical strategies against us than to try and match us aircraft-for-aircraft, missile-for-missile, ship-for-ship, or tank-for-tank. As you note, they will likely employ weapons of mass destruction, “information warfare,” and cruise and ballistic missiles. You further point out that a recent Defense Science Board study warned that even a small adversary can present a non-traditional military force as deadly and destructive as large conventional forces.

Why are you telling us, who are already aware of these possibilities, instead of the American people, who continue to believe there are no real threats to the United States military either today or on the horizon? Many of us happen to believe that there is NOT enough money in the defense budget. The continued migration of procurement funds to pay operating bills only makes our case. But the general public thinks that everything is just fine.

Now, let me commend you for establishing the acquisition goals outlined in your statement. While I’ll not take the time to enumerate them because I’m sure that you will do so in your remarks, I applaud your setting priorities up-front and discussing them with us from the outset of your tenure.

With those comments, let me welcome you back to the committee for the second time in 24 hours. Although we would have liked to have you appear before each subcommittee individually, there is simply not time in this year’s schedule to accommodate separate hearings. Consequently, there is a lot of ground to cover today, and I anticipate a candid discussion of the issues. I hope you do, too.